



To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.

NOTE: Pursuant to Section 101 of the Aviation and Transportation Security Act (49 U.S.C. 114(n)), this directive establishes Transportation Security Administration (TSA) policy and must be applied accordingly.

REVISION: This revised directive supersedes TSA MD 1100.53-9, Student Loan Repayment Program, dated December 1, 2009.

SUMMARY OF CHANGES: Section 4, Definitions, added Approving Official; Section 5. Responsibilities, revised/updated A. AA/OHC, B., AA/OFA, and C, Office of Human Capital, and added E. Employee Responsibilities; Section 6.C. Policy, updated to include when the employee would be ineligible for benefits; Section 7, Procedures, updated C.3. to reflect the authority of the AA/OHC and the AA/OFA, and added D. Processing Instructions; Section 8, Approval, Effective Date and Point of Contact updated.

1. **PURPOSE:** This directive provides TSA policy and procedures for the Student Loan Repayment Program.
2. **SCOPE:** This directive applies to all TSA employees or applicants who are approved for, or involved in, TSA covered loan programs.
3. **AUTHORITIES:**
 - A. The Aviation and Transportation Security Act, Pub. L. 107-71 (ATSA)
4. **DEFINITIONS:**
 - A. Approving Official: The highest level within the program office (e.g., Administrator, Deputy Administrator, Assistant Administrator (AA), Federal Security Director (FSD), or Supervisory Air Marshal in Charge (SAC)) where the employee is working or where the applicant will be working.
 - B. Covered Positions: Hard-to-fill positions that fulfill a critical agency need, as determined and approved by the Assistant Administrator for Human Capital (AA/OHC).
 - C. Covered Education: In general, a Bachelor's degree or higher is required for consideration for student loan repayment incentives; however, under certain circumstances, an Associate's degree, a certification in a specific discipline, such as a facet of information technology, or other education not leading to a degree or certification may be considered, on a case-by-case basis, depending on the needs of the program office and TSA.
 - D. Federal Direct Student Loan: A loan provided by the U.S. Department of Education. Direct loans include Federal Direct PLUS loans and Federal Direct Stafford loans.

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- E. Federal Family Education Loan Program: Loans insured by the Department of Education that are privately issued by a bank, credit union, or other lender that participates in the Federal Family Education Loan Programs.
- F. Good Standing: For purposes of this directive, “Good Standing” means that the employee is not the subject of any pending disciplinary action, does not have a pending appeal of any disciplinary action, and is maintaining a performance rating of “Achieved Expectations” or above.
- G. Rate of Adjusted Pay: The rate of basic pay and locality pay before any deductions.
- H. Student Loan: A loan made, insured, or guaranteed under Parts B, D, or E of Title IV of the Higher Education Act of 1965; or a health education assistance loan made or insured under Part A of Title VII of the Public Health Service Act or under Part E of Title VIII of that Act.
- (1) Loans covered under the Higher Education Act include such loans as:
- (a) Federal Stafford Loans – including Federal subsidized, Federal unsubsidized, direct subsidized, and direct unsubsidized loans;
 - (b) Federal Plus Loans – Federal and Direct Plus Loans;
 - (c) Federal Consolidation Loans – direct subsidized, direct unsubsidized, and Federal Consolidation Loans;
 - (d) Defense Loans – made before July 1, 1972;
 - (e) National Direct Student Loans – made between July 1, 1972 and July 1, 1987; and
 - (f) Federal Perkins Loans.
- (2) Loans covered under the Public Health Service Act include loans made under:
- (a) The Nursing Student Loan Program;
 - (b) The Health Profession Student Loan Program; and
 - (c) The Health Education Assistance Loan Program.
- I. Subsidized Loan: A loan for which the U. S. Government pays the interest on the loan accrued from the time the money is first disbursed until the loan is paid in full.
- J. Unsubsidized Loan: A loan for which the student is responsible for paying the interest accrued from the time the money is first disbursed until the loan is paid in full.

5. RESPONSIBILITIES:

A. The AA/OHC is responsible for:

- (1) Approving covered positions and programs that are eligible to receive payments under this directive; and
- (2) Approving or denying a waiver request from a Transportation Security Officer (TSO) (F band and below) in the amount equal to or less than \$10,000.

B. The Assistant Administrator/Office of Finance & Administration (AA/OFA) is responsible for approving or denying all requests for waiver of repayment except as noted in 5.A.(2) above.

C. The Office of Human Capital is responsible for:

- (1) Developing and disseminating policies governing the use of Student Loan Repayment Incentives and providing technical guidance to employing offices concerning administration of the program; and
- (2) Maintaining a record of each determination made under this authority including the justification for the repayment and the total amount of the repayment, and providing an annual report (or as otherwise requested) to the DHS Office of the Chief Human Capital Officer.

D. Program offices are responsible for:

- (1) Using fair and consistent application of policy and procedures when selecting employees to receive loan repayment benefits and considering the need to maintain a competitive and diverse workplace;
- (2) Obtaining proper approval from the employing office approving official(s) including a certification of the availability of funds prior to authorizing reimbursement;
- (3) Verifying and documenting that student loans are federally insured and eligible to be repaid under this program, using [TSA Form 1153C, Student Loan Repayment Incentives Outstanding Loan Information](#);
- (4) Verifying and documenting the current loan balance at the time of entry on duty and at any subsequent extensions of the service agreement (See TSA Form 1153C);
- (5) Reaching agreement on terms of payment with the lending institution on terms of payment for the loan;

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- (6) Preparing written justification for loan repayments, documenting the payments, and maintaining case files (See [TSA Form 1153B, *Student Loan Repayment Incentives Request for Student Loan Repayment Benefits*](#)); and
- (7) Providing required information to the servicing payroll office to process any payments made under the authority of this directive.

E. Employees are responsible for:

- (1) Making loan payments on the portion of the loan that continues to be the employee's responsibility;
- (2) Paying any income tax obligation(s) resulting from the loan repayment benefit; and
- (3) Fulfilling the requirements of the service agreement.

6. POLICY:

- A. Student Loan Repayments Incentives may be provided by TSA as a tool to facilitate the recruitment and/or retention of employees and to help build and maintain a competitive workforce, however they are not an employee entitlement. Student loans will be repaid only when the criteria specified in this directive are met.
- B. Loan repayments for covered education shall not exceed \$10,000 per calendar year per individual, and \$60,000 per individual over the lifetime of his or her employment with TSA. More than one loan may be repaid if the combined repayments do not exceed these limits.
- C. An employee receiving student loan repayment benefits will be ineligible for continued benefits if he/she separates from TSA for any reason, fails to maintain an "achieved expectations" level of work performance, fails to remain in good standing, or violates any of the conditions of the service agreement.
- D. For purposes of recruitment, the determination to authorize student loan repayments and the amount to be paid by TSA must be made before an employee enters on duty with TSA; however, no payments by TSA may be made until an employee enters on duty with TSA.
- E. Before TSA makes any loan repayments an employee must sign a written continuous service agreement and commit to serve a minimum of three years with the employing office, (official organizational entity where assigned within the TSA), regardless of the amount of repayment authorized. This three-year period will begin when TSA makes the first payment to the lending institution. Any further repayment TSA makes after the completion of the initial service agreement will extend the service agreement by one additional year for each additional payment made (See [TSA Form 1153A, *Student Loan Repayment Incentives Service Agreement*](#)).

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NOTE: For employees in the *Rising Leaders Development Program*, any payments under this directive will not begin until an employee is permanently assigned to a program office that decides to make such payments to the employee.

- F. Periods of leave without pay, or other periods during which the employee is not in a pay status, do not count toward completion of the required service period. The service completion date must be extended by the total amount of time spent in non-pay status. However, absence because of uniformed service or compensable injury is considered creditable toward the required service period upon reemployment.
- G. Payments will be made directly to the lending institution holding the loan on behalf of the employee. One payment will be made each year for the duration of the service agreement. Payments may be applied only to indebtedness outstanding at the time the agreement is signed.
- H. Student loan repayments shall not be made for student loans that are past due, delinquent, or defaulted.
- I. Loan repayment benefits made under the authority of this directive are in addition to an employee's rate of adjusted pay and are not subject to the aggregate limitation on pay. These benefits are subject to federal income tax, FICA, and Medicare withholding, and any State or local income tax withholdings that may be applicable. Tax withholdings will be deducted at the time payment is made. As such, a copy of the signed service agreement, a copy of the statement from the employee's lending institution verifying the indebted amount as well as the account and the Electronic Fund Transfer (EFT) routing numbers must be provided to the OHC payroll office to process the reimbursement request and ensure appropriate tax withholdings are made.
- J. Program offices seeking to implement a Student Loan Repayment Program or seeking to provide related payments to a candidate must obtain approval from the AA/OHC and verify that they have sufficient funds to support the program/related payments. There are no separate funds to support this program outside of the responsible program office.
- K. Loan determinations must be made in writing and document the criteria used to determine the amount of the loan repayment benefits.

7. PROCEDURES:

- A. Recommendations and approval for student loan repayments:
 - (1) Recommendations will normally be made by the immediate supervisor.
 - (2) Approval will be at the highest level within the program office (e.g., AA, FSD, or SAC), before being submitted to the AA/OHC for approval.
 - (3) Certification of funds will be verified by the respective program office.

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(4) The AA/OHC is the final approving official.

B. Reasons for providing Student Loan Repayment Benefits:

(1) Recruitment:

(a) For purposes of recruitment, loan repayments may be authorized upon the determination by AA/OHC that, in the absence of loan repayment benefits, TSA would have difficulty filling a position with a highly qualified candidate. Evidence of need may be based on:

- (i) Success of recent efforts to recruit suitable candidates for similar positions, including such indicators as offer acceptance rates, the proportion of positions filled, and the length of time required to fill positions;
- (ii) Recent turnover in the same or similar positions;
- (iii) Labor market factors that affect the ability to recruit for similar positions; or
- (iv) Any special qualifications, skills, or education required by the position.

(b) Managers should consider the following criteria in deciding the amount of the student loan repayment:

- (i) Severity of the recruiting problem;
- (ii) Salary levels reported in published salary surveys for comparable non-Federal positions;
- (iii) Importance/criticality of the position to be filled and the effect on TSA if it is not filled or if there is a delay in filling the position;
- (iv) Current salary of the candidate;
- (v) Salary documented in a competing job offer;
- (vi) Disparity in cost of living between the candidate's current residence and the proposed duty station;
- (vii) Projected cost of further recruitment efforts if the candidate does not accept the position;
- (viii) Extent of the individual's past training and experience that serves to qualify him/her for the position; and
- (ix) Availability of funds within the respective program office.

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(2) Retention:

- (a) For purposes of retention, loan repayments may be authorized upon a determination that, in the absence of loan repayment benefits, TSA would have difficulty retaining a highly qualified employee. Evidence of need may be based on:
 - (i) Unique or high qualifications of the employee or the special need for the employee's services that makes it essential to retain him/her;
 - (ii) Likelihood that the employee would leave for employment outside TSA if he/she does not receive repayment benefits; or
 - (iii) Extent to which the employee's departure would affect TSA's ability to carry out an activity or perform a function that is deemed essential to the mission.
- (b) Managers should consider the following criteria in deciding the amount of repayment:
 - (i) Salary levels reported in published salary surveys for comparable non-Federal positions;
 - (ii) Salary documented in a competing job offer;
 - (iii) Importance/criticality of the position and the effect on the employing office if the employee were to leave;
 - (iv) Projected cost of recruitment and training associated with replacement of the employee; and
 - (v) Availability of funds within the respective program office.

C. Service Agreements:

- (1) Service Agreements may specify employment conditions considered appropriate such as, but not limited to, the employee's position and the duties he/she is expected to perform, work schedule, or level of performance. However, the service agreement in no way constitutes a right, promise, or entitlement to continued employment nor does it limit management's right to take corrective or disciplinary actions as otherwise appropriate.

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- (2) An employee who, voluntarily or because of performance or misconduct, fails to complete the agreed upon period of service must refund the full amount of benefits received during the initial 3-year period. Employees who fail to complete the period of service under a 1-year extension (e.g., fourth year, fifth year), must repay the amount of the benefits received in the extension year only. If an employee fails to reimburse the TSA, the amount outstanding will be recovered from the employee under established debt collection procedures.
- (3) Waiver of Repayment:
 - (a) Repayment may be wholly or partially waived at the discretion of the AA/OFA if recovery would not be in the public interest or would be against equity and good conscience. In making this determination, TSA will take into account consistency, fairness, and the cost to the taxpayer of recovering monies owed to the government.
 - (b) A request for waiver of indebtedness may be considered and must be sent to the OFA, Accounting Branch, in accordance with [TSA MD 1000.4, Waiver of Employee Debt. TSA Form 1002, Waiver of Debt Application](#), must be utilized to submit the waiver application. The waiver request must contain sufficient information and/or documentation to permit an informed decision on the request.
 - (c) The AA/OFA has final authority for the approval of the waiver request; however, a waiver request from a TSO (F band and below) in the amount equal to or less than \$10,000 may be approved/disapproved by the AA/OHC. Waivers in whole or in part may be granted only after a determination is made that recovery would be against equity and good conscience or against the public interest.
 - (d) A waiver may be considered, but is not automatic, when an employee accepts another TSA position.
 - (e) Repayment is automatically waived when an employee is involuntarily separated due to death, disability retirement, or involuntary workforce reduction, or is unable to continue working because of disability evidenced by acceptable medical documentation.

D. Processing Instructions:

In order to process the reimbursement request and ensure appropriate tax withholdings are made, the following documents and information must be provided to the payroll office:

- (1) A copy of the signed service agreement; and
- (2) A copy of the statement from the employee's lending institution verifying the outstanding loan amount(s), the employee's loan account number(s), the lending institution's Federal Tax Identification Number, and the lending institution's EFT routing numbers.

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E. Termination of Student Loan Repayment Benefits:

An employee receiving loan repayment benefits will be ineligible for continued student loan repayments if he/she:

- (1) Separates from TSA for any reason;
- (2) Fails to remain in good standing; or
- (3) Otherwise violates any of the conditions of the service agreement.

8. APPROVAL AND EFFECTIVE DATE: This policy is approved and effective the date of signature unless otherwise specified.

APPROVAL

Signed

July 21, 2017

Karen Shelton Waters
Assistant Administrator for Human Capital

Date

EFFECTIVE

August 4, 2017

Date

Distribution: Administrator, Deputy Administrator, Assistant Administrators, Regional Directors, Federal Security Directors, Supervisory Air Marshals in Charge, Business Management Division Directors, Administrative Officers, and Human Resources Specialists

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